

Memorandum

To: ISO Board of Governors
From: Stacey Crowley, Vice President, External Affairs
Anna McKenna, Vice President, Market Design & Analysis
Date: December 10, 2025
Re: **State, Regional, and Federal Affairs Update**

This memorandum does not require ISO Board of Governors action.

STATE AFFAIRS

Regulatory Update

California Public Utilities Commission:

On October 22, 2025, the ISO submitted comments in the California Public Utilities Commission (CPUC) integrated resource planning proceeding on proposed generation portfolios for the 2026–2027 transmission planning process and additional reliability-based procurement. The ISO generally supported the CPUC’s proposed base case portfolio and sensitivity portfolio with limited wind generation for study in the ISO’s 2026-2027 transmission planning process. The ISO also supported the CPUC reliability analysis for 2028 to 2032 and the CPUC proposal to order 6 gigawatts of new capacity procurement by 2032. The ISO comments lastly noted that if CPUC directs the ISO to reserve deliverability for certain projects, those projects should be supported consistently in CPUC portfolios and supported by procurement pathways.

In October 2025, the CPUC opened a new resource adequacy proceeding, which will consider resource adequacy program reforms and refinements and establish forward resource adequacy procurement obligations. On November 4, 2025, the ISO filed comments on the draft proceeding scope. The ISO generally supported the proceeding scope and continues to support the CPUC developing an unforced capacity framework. The ISO also suggested the CPUC consider updating its qualifying capacity calculation approach for storage resources. Lastly, the ISO asked the CPUC to coordinate its resource adequacy proceeding with its integrated resource planning proceeding on an ongoing basis.

On November 13, 2025, the ISO submitted comments in the CPUC's new demand response proceeding. The ISO comments encouraged CPUC to consider enhancements to its demand flexibility policies in light of future load growth and increasing adoption of flexible behind-the-meter resources. The ISO supported CPUC’s proposed principle that

demand response should be predictable and reliable. Demand response that is predictable and reliable supports reliable grid operations and accurate short-term demand forecasting. The ISO recommended the CPUC consider policy updates to leverage new technologies and flexibility from large loads. The ISO comments also recommended the CPUC coordinate this proceeding with ISO's demand and distributed energy market integration stakeholder initiative, resource adequacy processes, and related CPUC proceedings.

California Energy Commission:

On November 13, 2025, the California Energy Commission (CEC) hosted a workshop to review draft results for the 2025 Integrated Energy Policy Report energy demand forecast. The CEC presented draft load modifier results and discussed utility load energization requests. Load modifiers include data centers, behind-the-meter solar and storage, additional achievable energy efficiency, additional achievable fuel substitution, and additional achievable transportation electrification. The CEC draft results indicate that although utility data center interconnection requests have increased significantly since last year, the CEC does not project a significant change in data center load in its planning forecast compared to last year, as many new data center requests do not yet have signed interconnection agreements with utilities. The CEC explained that federal policy changes result in increased uncertainty regarding impacts of behind-the-meter generation, building electrification, and transportation electrification on the 2025 forecast. The CEC will adopt a final forecast in January 2026.

Legislative Update

California State Legislature:

On November 13, 2025, the Assembly Select Committee on Climate Innovation and Infrastructure held an informational hearing in Healdsburg, California. The topic of the hearing was "emerging climate and clean energy technologies and how these innovations advance California's climate goals". During the hearing, panelists highlighted a variety of projects across the state: community microgrids, clean hydrogen storage facilities, and desalination plants.

On November 17, 2025, Senator Monique Limón (D-Santa Barbara) took her oath of office to become the next President Pro Tempore of the California State Senate. She is the first Santa Barbara native, first Latina, and first mother to become Pro Tem. Pro Tem Limón is expected to announce her new Senate leadership team and committee chairs before the Legislature reconvenes for the second year of a two-year legislative session on January 5, 2026.

On December 4, 2025, ISO President Elliot Mainzer held a check-in meeting in Folsom, California with Assembly Utilities and Energy Committee Chair Cottie Petrie-Norris (D-Irvine).

REGIONAL AFFAIRS

Western Energy Markets Governing Body:

The Western Energy Markets (WEM) Governing Body met in-person on October 28, 2025. Agenda items included updates from the chairs of the Body of State Regulators (BOSR) and WEM Regional Issues Forum (RIF). James Friedrich (Lead Policy Developer) provided a spotlight briefing on the ISO's price formation enhancements policy initiative. Danny Johnson (Manager, Policy Development) provided a spotlight briefing on the ISO's gas resource management policy initiative. Becky Robinson (Director, Market Policy Development) then provided a briefing on policy hot topics.

WEM Body of State Regulators:

On November 14, 2025, the BOSR met virtually. Agenda items included: 1) a discussion of BOSR representation on the WEM Governing Body and Regional Organization nominating committees; and 2) a Department of Market Monitoring overview of the Western Electricity Coordinating Council soft cap for bilateral spot market sales; and 3) a Western Interstate Energy Board staff status update on ISO policy initiatives.

WEM Regional Issues Forum:

On October 27, 2025, the RIF met in-person at the ISO in Folsom, California. Agenda items included: an update on Assembly Bill 825 from the West-wide Governance Pathways Initiative Launch Committee Co-Chair Pam Sporborg; 2) a RIF Sector Liaison panel discussion on the RIF enhancement project; and 3) a panel discussion on *Preparing for Market Transformation: CAISO stakeholder readiness for EDAM and DAME implementation*, with panelists from PacifiCorp, Utah Associated Municipal Power Systems, Pacific Gas and Electric, and the California ISO.

Participation in western energy imbalance market and extended day-ahead market:

NV Energy filed an application to the Public Utilities Commission of Nevada on October 22, 2025, seeking authorization to participate in the extended day-ahead market (EDAM). NV Energy noted its participation in EDAM will enable it to further optimize its power supply portfolios for customer benefit, requesting approval to participate in EDAM beginning in Fall of 2028. At the request of NV Energy, the ISO submitted testimony from four subject matter experts into their filing.

PacifiCorp hosted in-person EDAM implementation workshops on November 17 and 20, 2025, for stakeholders in their footprint to provide visibility into its activities before market launch in May 2026. Topics included PacifiCorp's decision to be the first market entrant, a primer on market changes, and implementation overview of systems, processes, and people changes including lessons learned to date. PacifiCorp also touched on what post-go-live enhancements will be needed in the future.

The ISO looks forward to an exciting 2026 with the launch of EDAM and PacifiCorp and Portland General Electric joining the day-ahead market, as well as the addition of Black Hills and PowerWatch (formerly BHE Montana) into the western energy imbalance market next year.

West-Wide Governance Pathways Initiative:

Since the passage of Assembly Bill 825 (Petrie-Norris, Chapter 116, Statutes of 2025), also known as the Pathways bill, the ISO has been working closely with the Pathways Initiative Formation Committee and other stakeholders to plan for the implementation of the bill's requirements to develop an independent Regional Organization.

FEDERAL AFFAIRS

Administration:

The federal government re-opened on November 12, 2025, after the longest shutdown in government history – 43 days. The federal government is now funded until January 30, 2026. Congress is negotiating the next funding package, but it is possible that there could be another shutdown in the new year.

The United States Department of Energy (DOE) announced a re-organization:

- The following offices have been eliminated: Office of Energy Efficiency and Renewable Energy, Office of Fossil Energy, Office of Clean Energy Demonstrations, Grid Deployment Office, Office of Manufacturing and Energy Supply Chains, Office of State and Community Energy Programs, and the Federal Energy Management Program.
- The following offices have been created:
 - Office of Fusion
 - Office of Artificial Intelligence and Quantum Computing
 - Office of Critical Minerals and Energy Innovation
 - Office of Hydrocarbons and Geothermal Energy
- The following offices have been rebranded:
 - Office of Technology Commercialization (formerly Office of Technology Transitions)
 - Office of Energy Dominance Financing (formerly Loans Program Office)

At the time of this writing, DOE has not yet provided a summary of the programs and authorities for each office.

Responses were filed in response to DOE's Speed to Power Initiative Request for Information on November 21, 2025. The request for information was issued by the Grid Deployment office before the reorganization – it is not clear which office will be responsible for this initiative moving forward. Opening comments were filed on FERC's Proposed Advance Notice of Proposed Rulemaking on Interconnection of Large Loads to the Interstate Transmission System on November 21, 2025.

FERC Chair Laura Swett and Commissioner David LeCerte joined their first FERC business meeting. Chair Swett stated her priorities were winning the Artificial Intelligence race, keeping the lights on in an affordable manner, and connecting power data centers as quickly and as durable as possible. Commissioner LeCerte largely echoed her comments.

Congress:

The House Natural Resources Committee advanced a permitting bill, Standardizing Permitting and Expediting Economic Development Act, H.R. 5447. The vote was 25-18, with two Democrats joining Republicans to support the bill. The bill is largely focused on reforms to the National Environmental Policy Act; however, most Democrats were not willing to join in part due to the lack of language to force the Trump administration to reverse course on a number of permits for renewable projects.

The House Energy and Commerce Subcommittee advanced eight bills targeting energy efficiency rules that highlight competing views on combatting rising energy costs. Republicans argued that Biden-era energy efficiency standards raise up-front costs and remove consumer choice. Democrats argued that removing energy efficiency standards will lead to higher costs for consumers.